

**PROMISE MADE.  
PROMISE KEPT.**



# Progress

## on the Road to Recovery



Governor Arnold Schwarzenegger

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### Introduction

On October 7, 2003, the people of California, in a powerful movement to end politics as usual, elected Arnold Schwarzenegger as their Governor.

The Golden State needed action-oriented leadership to fix a state budget billions of dollars out of balance, a business climate that discouraged entrepreneurship and partisan politics that ignored the will of the people.

During his inauguration on November 17, 2003, the Governor delivered a call to “bring about the ‘Miracle of Sacramento,’ a miracle based on cooperation, good will, new ideas and devotion to the long-term good of California.”

Just minutes after his swearing-in, the Governor began fulfilling his campaign promises and setting the stage for California’s recovery. As he confronted the state’s problems, Governor Schwarzenegger forged bipartisan cooperation, focused on results and led with optimism.

In just 12 months, the Governor has made significant progress toward restoring the Golden Dream by the Sea. This book highlights many of the Governor’s accomplishments during his first year in office — a year of “promises kept” to recapture the promise of California.



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### NOVEMBER 2004

# Progress

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## on the Road to Recovery

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### Acknowledgements

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Photos by Steven Hellon unless otherwise noted.

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#### On the Cover:

Keeping his promise to fix California's broken workers' compensation system, the Governor signed reform legislation at Boeing's Long Beach facility in April.



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Governor Arnold Schwarzenegger is committed to protecting the health and well-being of all Californians, and he has been a forceful advocate for providing essential services to the most vulnerable and at-risk residents of our state. The Governor also ensures that when an emergency occurs, relief is comprehensive and swift.

“I will not rest until our fiscal house is in order.  
I will not rest until California is a competitive job-creating machine.”

Governor Arnold Schwarzenegger  
11/17/03

# FISCAL RECOVERY

## Making the Economy Boom

- ★ The California Recovery Plan
- ★ Indian Gaming Compacts
- ★ Bringing the Jobs Back

Governor Schwarzenegger inherited a financial crisis that was sending businesses packing, undermining the state economy and jeopardizing state services. Years of burdensome rules and regulations, \$22 billion in inherited debt and a dismal business climate threatened the California Dream.

The Governor took immediate action to restore fiscal discipline in Sacramento and make the state economy run on all 12 cylinders. Minutes after his inauguration, the Governor repealed the illegal tripling of the car tax - a regressive tax that particularly burdened hardworking Californians who wanted safe, reliable transportation for their families.

On his second day in office, the Governor announced the California Recovery Plan, which called for reforming the workers' compensation system and passing ballot initiatives to refinance the inherited debt and

prohibit the state from spending more than it could afford.

On March 2, with overwhelming support from the people and elected leaders from both parties, the Recovery Plan ballot initiatives, Propositions 57 and 58, were approved.

On April 19, the Governor signed workers' compensation reform to fix an ailing system that punished employers and failed to give workers adequate treatment.

On July 31, the Governor continued California's financial rehabilitation by signing a state budget that moved California away from chronic deficits and toward structural balance — without raising taxes.

The results are in: with bold leadership, decisive action and well-founded optimism, Governor Schwarzenegger has restored fiscal responsibility in Sacramento and set the stage for economic recovery in California.

## CRUSHING THE CAR TAX

### Promise Made

“I will sign an executive order to repeal the Davis Administration's tripling of the car tax.” 10/1/03

Moments after taking the oath of office, Governor Schwarzenegger signs Executive Order Number One, repealing the increase of the car tax.



## Promise Kept

Minutes after being sworn in as California's 38th Governor, Governor Schwarzenegger signed Executive Order Number One to repeal the illegal 300 percent increase in the car tax.

The average car tax refund was \$135, and by the time the last check was mailed, approximately \$600 million was returned to an estimated 4.7 million vehicle owners who paid the higher rate.

## CONFRONTING THE FISCAL CRISIS

### Promise Made

"My plan includes a fiscal recovery bond to pay off the inherited debts generated by the reckless spending... in Sacramento." 11/20/03

### Promise Kept

Proposition 57, the Economic Recovery Bond Act, provided for a one-time bond of up to \$15 billion to refinance part of the \$22 billion in inherited debt.

#### Proposition 57:

- ★ Averted a \$14 billion cash crisis in June.
- ★ Prevented California from going bankrupt while the Governor put the state's fiscal house in order.



Campaigning for Propositions 57 & 58.



Photos by Todd Harris

In February, the Governor campaigns for Propositions 57 & 58.



Photos by Todd Harris



- ★ Was a key reason that each of the major Wall Street rating agencies upgraded California's credit rating.
- ★ Together with Proposition 58, received the support of the largest bipartisan coalition in California electoral history.
- ★ Passed with 63 percent of the vote on March 2, 2004.

### Promise Made

"Sacramento must stop its out-of-control spending." 10/1/03

### Promise Kept

Proposition 58, the Balanced Budget Act, ensures that government spending will never again trigger such a massive fiscal crisis.

#### Proposition 58:

- ★ Requires the Legislature to enact a balanced budget.
- ★ Creates a Rainy Day Fund to pay off the Economic Recovery Bond ahead of schedule and help the state during future economic hardships.
- ★ Prohibits bond financing of any future deficits.
- ★ Creates new executive powers to control spending.
- ★ Together with Proposition 57, received the support of the largest bipartisan coalition in California electoral history.
- ★ Passed with 71 percent of the vote on March 2, 2004.



## Promise Made

"I will renegotiate state public employee contracts." 10/1/03



In Tracy, the Governor speaks against spending more than the state takes in last January.



In the capitol rotunda in July, the Governor signed a budget that preserves essential services without raising taxes.

## Promise Kept

To ease the state's financial crisis, the Governor negotiated revised contracts with the California Association of Highway Patrolmen (CAHP) and the California Correctional Peace Officer's Association (CCPOA). This marked the first time in California history that the state received money back in the middle of existing employee contracts.

- ★ The CAHP renegotiated contract cancels premium pay for time spent at lunch in return for granting additional leave to approximately 6,000 officers. This will save an estimated \$32.2 million over the next two fiscal years.
- ★ The CCPOA renegotiated contract restructures and defers planned pay raises for a savings of \$108 million over the next two fiscal years.

The Governor continues to work with all state employee unions regarding current and upcoming contracts.

## Promise Made

"I promised the people of California that I, as Governor, would never spend more money than we take in." 12/2/03

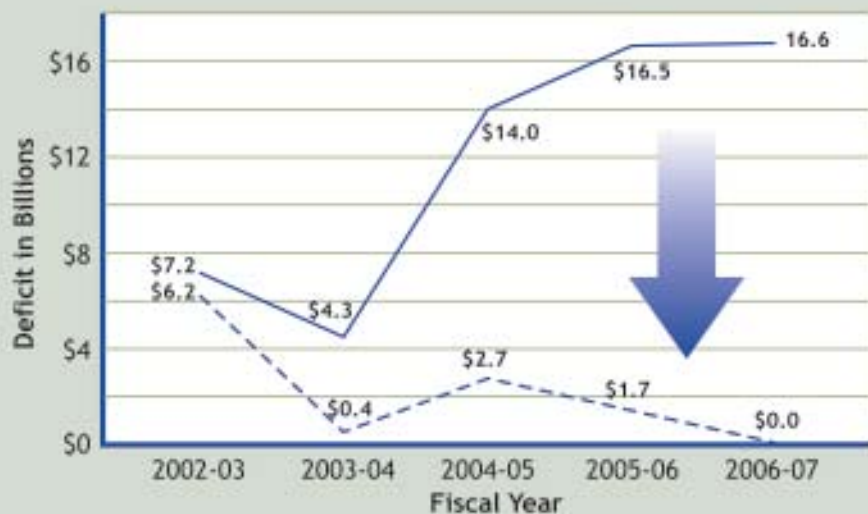
## Promise Kept

The 2004-05 state budget is balanced, and it moves the state toward structural balance. The budget spent \$11.4 billion less than the fall 2003 baseline projections, and it implemented reforms in the state's retirement, procurement and asset management systems.

### Closing the Gap

Operating Deficits in Audit

Operating Deficits (without bond proceeds) as of 2004-05 Governor's Budget





## Promise Made

"I will not raise taxes to pay for the politicians' mistakes." 9/13/03

## Promise Kept

The 2004-2005 budget did not raise taxes, yet increased per pupil K-12 spending and protected essential services.

## Promise Made

"I will continue being the Collectinator, and will ask every department of the federal government to give us relief." 3/30/04

## Promise Kept

In just one year, the Governor has secured more than \$1.1 billion in new federal financial support for California.

A total of \$822 million is based on new agreements reached separately from the federal appropriations funding process, and an additional \$337 million in grants, legislative and regulatory approvals is assured.

Total federal money:

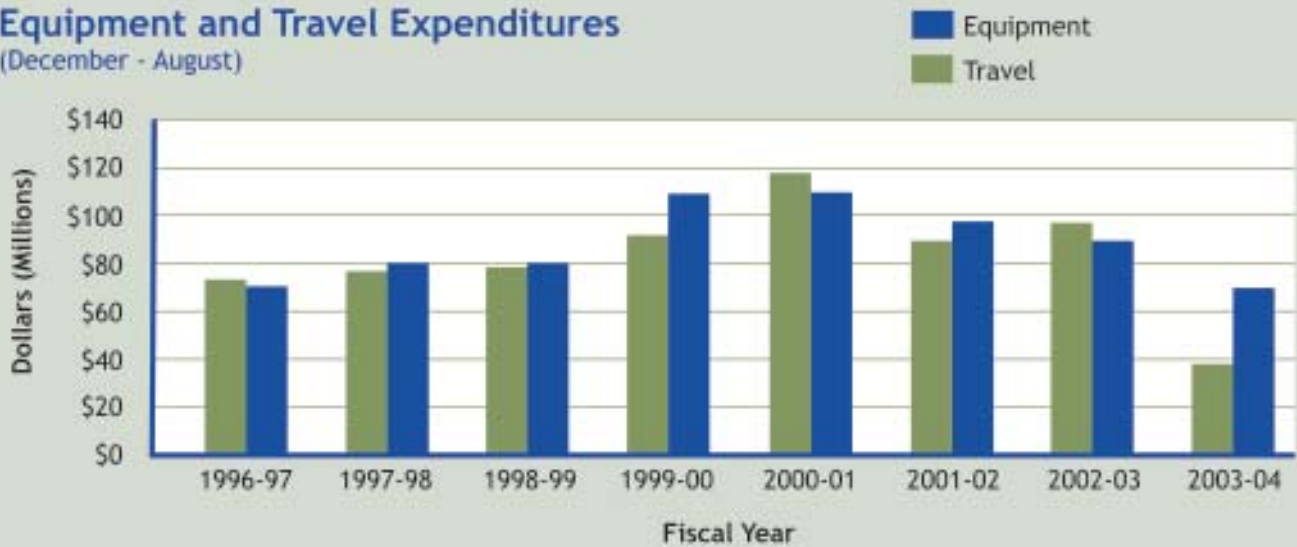
- ★ \$340 million in reimbursements are available for the In-Home Supportive Services program, which will allow nearly 66,000 elderly, blind or disabled Californians to keep their home and community-based services as part of an agreement that allows the state to join an innovative new federal program.
- ★ \$250 million in supplemental transportation funding will flow to California due to enforcement of the "minimum guarantee" provision in the extension of the Transportation Equity Act. This guarantee requires that all states receive at least 90.5 percent return on the state's gas tax dollars sent to Washington.



The Governor accepts the first installment of \$75 million in federal grant funds for California's charter schools from U.S. Secretary of Education Rod Paige on June 29<sup>th</sup>.

- ★ \$220 million in penalty payments were deferred for child support so that California has time to meet the changes in the Child Support Enforcement system.
- ★ \$175 million in food stamp penalties can be waived by the USDA if California meets certain targets.
- ★ \$75 million in federal grants were secured to create more than 250 new high-quality public charter schools in California.
- ★ \$57 million was restored for the California Child Welfare Services case management system.
- ★ \$30 million in disputed claims for the South Central Los Angeles Regional Developmental Services Center were paid as a result of the state and the Center working to improve fiscal and management controls at the facility.
- ★ \$12 million in assistance has been approved by the USDA to combat Sudden Oak Death and Pierce's Disease, two diseases which affect key California agricultural commodities.

## Equipment and Travel Expenditures (December - August)



(These figures were derived from the Department of Finance's CALSTARS accounting system. The figures are likely understated because not all state departments use CALSTARS.)

## Promise Made

"We will freeze on hiring, freeze on operating expenses, freeze on travel." 11/18/03

- ★ In May, Moody's Investors Services upgraded California's rating from Baa1 to A3.
- ★ In August, S&P upgraded California's rating three levels, from BBB to A.
- ★ In September, Fitch Ratings upgraded California's credit rating from BBB to A-.

## Promise Kept

Upon taking office, the Governor moved quickly to examine the depth of the fiscal crisis facing California. To accurately assess the problem, he froze state spending on hiring, operating expenses, travel and grants.

From December 2003 through August 2004:

- ★ State equipment expenditures decreased \$58.5 million, or 60.3 percent from the 2002-03 level.
- ★ State travel expenditures decreased by \$20.3 million, or 22.5 percent from the 2002-03 level.

### Credit Upgrades

The Governor's aggressive steps to improve the state's finances have resulted in upgrades to California's credit rating by each of the three major credit rating agencies. Wall Street's increased confidence in California's recovery will significantly reduce the state's financing costs in future years.

## JOBS, JOBS, JOBS

### Promise Made

"Workers' compensation... is the poison of our economy. That is why I am asking the legislators to approve workers' compensation reform." 11/20/03

## Promise Kept

California employers suffered from the highest workers' compensation costs in the nation and employees suffered from some of the lowest benefits.

Skyrocketing workers' compensation premiums were driving employers out of the state and forcing others to cut back or shut their doors altogether.

Bringing Republicans and Democrats together, and with the support of the people, Governor Schwarzenegger signed landmark workers' compensation reforms on April 19 — just five months after he took office. The Governor's actions, and the results of those actions, include:

- ★ The workers' compensation system is now refocused on its fundamental mission of immediate treatment for injured workers so they can get healthy and get back on the job.
- ★ The reforms ensure that injured workers have easy access to treatment.
- ★ The Governor appointed three new members to the five-person State Fund board who are committed to a healthy and competitive workers' compensation insurance marketplace and an efficient and stable State Fund.
- ★ Essential regulations from the new legislation will not be implemented until 2005, yet six of the seven largest insurers in California have already filed for rate decreases ranging from 7 percent to 20 percent.
- ★ Many of the state's largest companies and public entities — including public schools, cities and counties — self-insure their workers' compensation claims. This segment of the market is seeing substantial rate relief.
- ★ New firms are applying to write workers' compensation insurance in California and massive amounts of new capital are entering the marketplace. This increased competition among insurance companies is the surest and most efficient way to keep rates low for the long term.



Before signing workers' compensation reform legislation in April at Boeing's Long Beach facility, Governor Schwarzenegger listens to an employee talk about the importance of keeping jobs in California.



Keeping his promise to fix California's broken workers' compensation system, the Governor signed reform legislation at Boeing's Long Beach facility in April.

## Promise Made

"We need to keep our jobs here... and bring new jobs to California."

3/11/04

Governor Schwarzenegger's actions to improve California's business climate have also served to increase job opportunities in the state. To bring jobs back, the Governor has enhanced outreach efforts to the business community and aggressively promoted the benefits of doing business in California.

### The California Commission for Jobs and Economic Growth

The California Commission for Jobs and Economic Growth is a private, non-profit Commission founded by California business leaders. The Governor serves as an honorary member of the Commission.

The goal of the Commission is to bring together leaders from business, labor, academic and community organizations to help the Governor attract and retain jobs in California.

The Jobs Commission has worked closely with firms that have decided to move to or expand in California:

- ★ Virgin Airways decided to base their new U.S. airline in San Francisco, which will result in 1,500 jobs for the Bay Area.
- ★ Genentech, a leading California-based biotechnology research firm, decided to continue with its plans for a \$500 million factory expansion in Vacaville, which will create more than 5,500 jobs.
- ★ The Lynch Sign Company decided to move from Nevada to California, signaling the promise California holds for small businesses.



## Council of Economic Advisors

The Governor established a 16-member Council of Economic Advisors to advise him on the economic challenges facing California and to identify economic opportunities for the state. The Council, chaired by former Secretary of State George Shultz and including Nobel laureates Milton Friedman and Gary Becker, coordinates its efforts with the California Commission on Jobs and Economic Growth.



At a meeting of his Council of Economic Advisers in October, Governor Schwarzenegger talks with Council Chairman George Shultz.

## Economic and Workforce Development

The Governor has committed to providing workers with the training and skills they need to find a quality job. The Labor and Workforce Development Agency is working to attract high-wage jobs, help low-wage workers develop skills to break the low-wage cycle and remove barriers for Californians with unique employment challenges.

### *The Results*

Despite continuing obstacles, the Governor's bold actions to spur employment opportunities and his vigorous promotion of California have already resulted in private sector jobs growing faster than the national average. Additionally:

- ★ Employment in California has grown in every industry except government.
- ★ More than 100,000 net jobs have been added in California in 2004.
- ★ 16,647,000 Californians held jobs as of September 2004, a new record.
- ★ At 5.9 percent, California's unemployment rate in September 2004 is at its lowest level since September 2001.
- ★ California's unemployment rate is down 12 percent from one year ago.

## ENDING STATE RAIDS ON LOCAL TREASURIES

### Promise Made

"We must protect the people in this state and give the cities and counties the money we owe them." 12/18/03

### Promise Kept

When Governor Schwarzenegger repealed the car tax, he used his executive powers to restore \$2.7 billion in local government funding so that public safety, health and other services could continue unaffected.

Next, he brought all stakeholders to the table to negotiate a local government agreement that will further protect local funding for law enforcement, firefighting, health care and traffic management.

The result is Proposition 1A, a constitutional measure that was overwhelmingly approved by the voters on November 2.

### Proposition 1A:

- ★ Protects city and county property and sales tax revenues.
- ★ Prevents local governments from having to implement unfunded mandates.
- ★ Requires the state to pay back local governments the costs of past unfunded mandates, beginning in 2006.



The Governor speaks at an event in support of Proposition 1A in September.





The Governor speaks to the League of California Cities in July about the importance of protecting local governments' funds from raids by the state.

- ★ Permanently protects city and county Vehicle License Fee revenues.
- ★ Allows the state to access local funds only if the Governor declares a fiscal necessity and two-thirds of the legislature approve. These funds are required to be repaid within three years.

## CALIFORNIA'S FAIR SHARE FROM INDIAN GAMING

### Promise Made

"I will demand California's fair share of billions of dollars of Indian gaming money. As Governor, I will renegotiate the Indian gaming agreements." 10/1/03

### Promise Kept

The Governor negotiated with tribal leaders for new Indian gaming compacts that respect the tribes' sovereignty, protect their exclusive gaming rights and allow the state to receive its fair share from their gaming operations.

The agreements signal the beginning of a new financial partnership between the tribes, local communities and the state.

Financial details of the compacts include:

- ★ A \$1 billion payment to the state for transportation projects, to be financed by a bond repaid over 18 years. Upon repayment of the bond, the tribes will make annual payments to the state for the duration of the compact, expected to total an additional \$700 million.
- ★ Progressively higher annual fees for additional slot machines above the current limit of 2,000, reaching up to \$25,000 per additional machine. Over time, this is estimated to provide as much as \$150-\$200 million in annual revenue to the state.

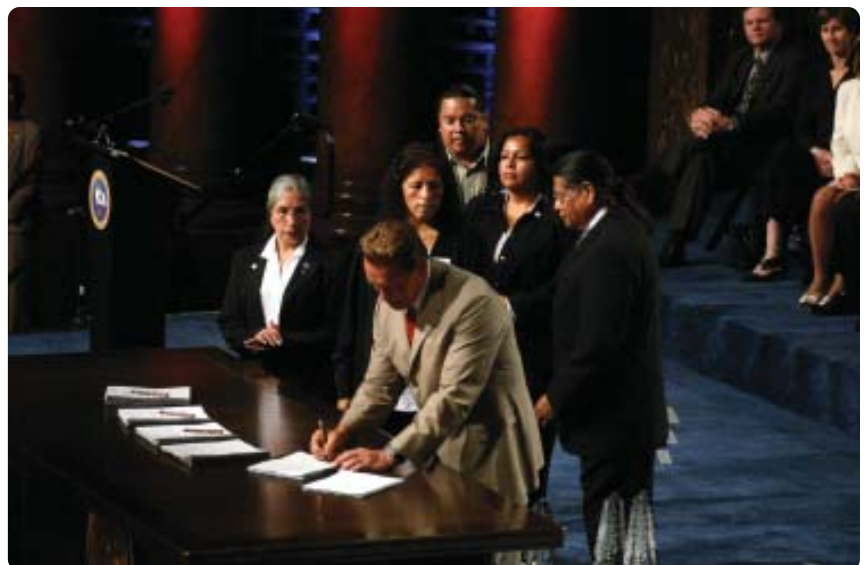
### Propositions 68 and 70

The Governor promised California its fair share of Indian gaming revenue, and that is what he achieved with the new gaming compacts. Propositions 68 and 70, however, sought to undermine the compacts and facilitate a massive, uncontrolled expansion of gambling in California. The propositions would have led to Las Vegas-style casinos in California and gambling operations in neighborhoods and near schools. California communities would have suffered from increased traffic and over-burdened local services.

The Governor led a bipartisan effort to ensure that California gets its fair share by defeating Propositions 68 and 70.

- ★ On November 2, voters overwhelmingly defeated Propositions 68 and 70.

On June 21<sup>st</sup>, Governor Schwarzenegger signs a compact with the Viejas Band of Kumeyaay Indians that secures California its fair share of gaming profits. Behind him are Anthony Pico, Chairman, and members of the Tribal Governing Council.



## REVIVING THE BUSINESS CLIMATE

### Promise Made

"I am going after the bad bills and regulations that have made California less competitive." 2/20/04

### Promise Kept

California can compete — and prosper — in the global economy if its entrepreneurial spirit is allowed to flourish.

The Governor vetoed bills that would have raised the minimum wage, made it harder for large retail stores to open new outlets and curbed contracting out for government work.

These bills would have hindered economic recovery, depressed employment and made California undesirable for new businesses.

The Governor also opposed Proposition 72, which would have mandated employer-sponsored health care. The proposition was a job killer that would have stalled the economic comeback and reduced health care options for workers. Voters defeated Proposition 72 on November 2.

### Promise Made

"I will stop extortion by litigation." 9/13/03

### Promise Kept

- ★ The Governor signed SB 1809 to significantly revise the "Sue Your Boss Law," which exposed employers to lawsuits from unscrupulous lawyers. SB 1809 permits litigation only for serious violations of labor law and only if state enforcement agencies fail to investigate the allegations. By signing this bill, the Governor is protecting jobs, protecting workers and helping restore California's business climate.
- ★ The Governor supported Proposition 64 to help prevent shakedown lawsuits of small business owners. By reforming Section 17200 of the Business and Professions Code, Proposition 64 will stop the junk lawsuits that impair job security, burden employers and depress wages and economic growth.

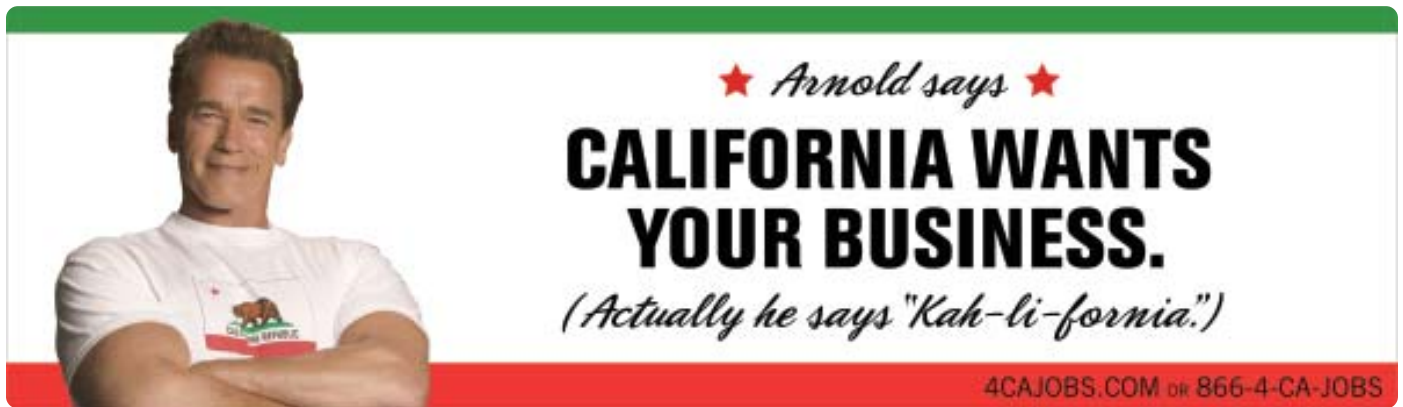
By a large margin, voters approved Proposition 64 on November 2.

#### Promoting Small Business

The Governor signed SB 1156, stating the importance of microenterprises to California. Microenterprises are businesses with five or fewer employees; over two million Californians are employed by microenterprises. This bill facilitates microenterprise development in California cities.

#### Labor Law Enforcement

To help level the playing field for California's employers and protect workers in industries with histories of labor law violations, the Governor has renewed targeted enforcement toward "bad actors" that violate labor laws in order to undercut their law-abiding competition. ★



Governor Schwarzenegger stars in a billboard campaign sponsored by the California Commission for Jobs and Economic Growth.

“I’m a salesman by nature... and California is the easiest sell I’ve ever had.”

Governor Arnold Schwarzenegger  
1/06/04

## SELLING CALIFORNIA

### Open for Business

- ★ **Billboard Campaign**
- ★ **Japan Trade and Tourism Mission**
- ★ **Ending ‘Runaway’ Production**

Governor Schwarzenegger has focused on reviving California’s economy and creating an environment in which everyone who wants a job can find one. An important part of his plan for recovery includes vigorous promotion of the state and its products and services.

The Governor has assumed the role of California’s official salesman, traveling the state, country and world pitching California. He has also appeared in television ads and billboard signs promoting the Golden State.

With unmatched access to foreign and domestic markets, a highly-skilled workforce, an ideal climate and unique natural resources, California stands apart as a place to work, live and play.

**Governor Schwarzenegger’s message is simple: California is open for business.**

### ON TV, ON BILLBOARDS AND OVERSEAS

#### Promise Made

“I will do everything that I can to sell California and to sell California products, not only all over this country, but all around the world.” 3/11/04

#### Promise Kept

“We need to keep our jobs here in California and to bring new jobs to California. We need to make this state boom again.” 3/11/04



Governor Schwarzenegger unveils the national billboard campaign to promote California's business climate in Las Vegas on August 4, 2004.

Through appearances, billboards, advertisements and speeches, the Governor has spread the message far and wide to employers and employees that — after years of being told the opposite — the state actually wants their business and their jobs.

The Governor has personally contacted employers to retain and attract jobs, and he has tirelessly utilized his celebrity to promote the state and its products and services.

- ★ To counter negative perceptions about California's business climate, the Governor launched a national billboard campaign sponsored by the non-profit Jobs Commission announcing that "California Wants Your Business."
- ★ Working with the Jobs Commission and state and regional agencies, the Governor helped convince Virgin Airways and Genentech to make major new job-creating investments in the state.



In September, Governor Schwarzenegger helped Candace Doi move part of her printing business from Nevada back to California.

## Be Californian, Buy California Grown

"I want to tell everyone that when you have dinner at night with your kids, don't say to your kids anymore, 'Hey, eat your vegetables.' Say, 'Eat your California vegetables.'" 5/20/04

California feeds the world, and agriculture is vital to our state. Agriculture contributes more than \$28 billion to the state economy, and it employs more than one million people. Protecting and promoting agriculture is critical to California's prosperity.



Be Californian Buy California Grown



In the California Grown ad, Governor Schwarzenegger urges people to "Be Californian. Buy California Grown."





For the premiere of a California Grown ad in Sacramento in May, the Governor drives up to the red carpet in a farm truck laden with produce.

On June 10, the Governor unveiled a “Buy California Grown” television ad in which he appeared with California consumers and farmers.

The ad is part of the “California Grown” campaign, supported by the state and federal governments, as well as more than 20 California agriculture industries.

### International Trade Efforts

“Come to California. Come and do business here. Buy our fantastic products. Visit our special attractions, and hire our workers, who are the most productive in the world.” 1/6/04

The Governor’s first official trade mission was to Japan, where he focused on strengthening and growing the ties between two of the world’s largest economies. He met with the Prime Minister, business leaders and conducted numerous media events.

The Governor’s trade mission to Japan included billboards promoting tourism and California Grown products.



During the trip, the Governor was a powerful spokesperson for California. The Governor:

- ★ Promoted California’s agricultural industry to increase Japanese purchases of high-quality California products, such as wine, fruit, dairy and meat.
- ★ Spread the message that California is open for business to grow Japanese corporate investment in California.
- ★ Promoted California’s unique natural resources and world-class hospitality to expand tourism in the state.

### Travel and Tourism

“We have open arms for every visitor, and we want to show them that California is the vacationer’s goldmine.” 4/28/04

Travel and tourism are crucial to the health of California’s economy. In 2003, tourism contributed \$78.2 billion into California’s economy, and it supported almost 900,000 jobs.

California is the number-one tourist destination in the country, and the Governor has been an active spokesman for all that California has to offer.

- ★ Selling California in New York City, the Governor addressed travel journalists at a California Travel and Tourism Commission-sponsored “New York Media Marketplace and Reception.”
- ★ At Pow Wow in Los Angeles, the largest travel show in the nation, the Governor ignited interest in California when he spoke to the more than 5,000 attendees.
- ★ Promoting California as a vacationer’s paradise, the Governor and First Lady appeared in “Welcome to California” television ads.
- ★ During his trade mission to Japan, the Governor vigorously promoted California as a tourist destination.

## Entertainment Industry

“We want to make sure that Hollywood will become again the kind of booming town that it once was.” 4/15/04

The entertainment industry is one of California’s biggest employers and exporters. In 2003, California’s entertainment business generated \$33.9 billion in revenues for our state and employed 250,000 people.

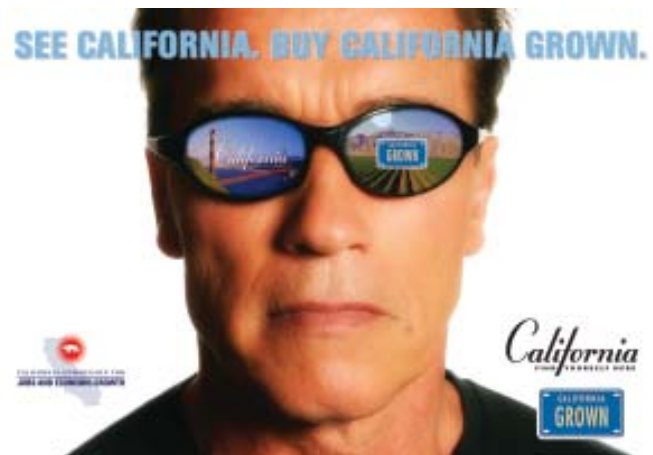
Other states and countries are competing for California’s film business, and as a result, between 2002 and 2003 California suffered a 28 percent decline in feature film production. This “runaway” production must be stopped.

The Governor’s goal is to making film production easier and less costly in California, and he is a strong supporter of the California Film Commission. The Commission is dedicated to keeping production in California and establishing a strong and lasting relationship between the motion picture industry and the state. The Commission recently upgraded its permitting process from manual to online, streamlining the process for producing films in California.

In September, the Governor issued an Executive Order mandating cooperative relationships between government agencies and departments and the Commission, and he supported federal legislation to deduct some costs of domestic filmmaking.

The Governor also worked to combat the illegal dissemination and downloading of copyrighted material. Internet piracy kills jobs and depresses entertainment revenue in the state. The Governor issued an Executive Order to ban peer-to-peer file sharing in the Executive Branch and the UC and CSU systems. The Governor also signed legislation that deters anonymous peer-to-peer file sharing by requiring Californians who distribute music or film files to more than 10 people to disclose their name and e-mail address.

Danny DeVito speaks at the capitol press conference announcing his appointment to the California Film Commission.



Billboards promoting California appeared throughout Tokyo during the Governor’s trade mission to Japan in November.

The Governor’s appointments to the Film Commission are experienced film professionals who understand the industry and the obstacles that must be overcome to make California the entertainment capital of the world once more. Actor and director Danny DeVito, actor and director Bill Duke, actor and director Clint Eastwood, producer Tom Werner and producer and director Lili Zanuck were all appointed to the Film Commission by Governor Schwarzenegger.

The commission and its members’ primary goals are:

- ★ Keeping production in California.
- ★ Making it easier to get filming permits in California.
- ★ Furthering the interests of filmmaking in California through government outreach. ★



On a visit to the set of “Relative Strangers” in October, Governor Schwarzenegger and California Film Commission Board Member Danny DeVito spoke of the importance of keeping film and television production in the state.

“For democracy to be strong, we must bring the trust back to government.”

Arnold Schwarzenegger  
9/18/04

# REFORMING GOVERNMENT

## Bringing Government Back To The People

- ★ **Bipartisan Action**
- ★ **The California Performance Review**
- ★ **Promoting Volunteerism**

Before Governor Schwarzenegger was elected, the people of California had lost faith in their government. Years of higher taxes, reckless spending and scant attention paid to growing problems had weakened the credibility of elected leaders. The crucial link between the people and government was frayed.

The desire to score political points trumped serving the will of the people. Partisan rancor overwhelmed the legislative process, and politics were put ahead of California’s priorities.

From the very beginning of his administration, the Governor thrust the people to the center of political discourse in California and changed the tone in Sacramento.

Believing that no party had a monopoly on good ideas, the Governor gave everyone a seat at the table to help confront California’s challenges. All that mattered was the result: a better California.

One vital part of the Governor’s vision for a better California involved reforming government, and he offered a bold plan to make government more efficient and more responsive to the people.

## BIPARTISAN ACTION

### Promise Made

“I’ve always said that for California to win, business as usual and politics as usual have to lose.”

10/08/03



In July, the Governor announces agreement on a final budget, flanked by Assembly Minority Leader Kevin McCarthy, Senate President pro Tem John Burton and Assembly Speaker Fabian Nunez.

## Promise Kept

From his first day in office, the Governor reached out to Californians from across the political spectrum to solve the problems facing the state. On crucial issues impacting California, the Governor listened to the people and found common ground with stakeholders.

Major bipartisan accomplishments include:

- ★ Proposition 57
- ★ Proposition 58
- ★ Workers’ Compensation Reform
- ★ Higher Education Agreement
- ★ Education Coalition Agreement
- ★ Local Government Agreement
- ★ Indian Gaming Compacts
- ★ CCPOA Contract Renegotiation
- ★ CAHP Contract Renegotiation
- ★ Budget Compromise
- ★ Defeating Propositions 68 & 70



Additionally, the Governor has worked closely with the California congressional delegation to forge unified positions on issues important to California, including base retention and securing more federal money.

## Proposition 62

The Governor supported Proposition 62 for open primaries in California. Open primaries would lead to less partisanship, and they would facilitate electoral participation by candidates who better represent the views of the people.

## 21<sup>st</sup> CENTURY GOVERNMENT

### The California Performance Review

“Every Governor proposes moving boxes around to reorganize government. I don’t want to move the boxes around; I want to blow them up.” 1/6/04

The Governor launched the California Performance Review in February 2004 to examine state government - to see what worked, what did not and how the state could be more responsive to the people. This top-to-bottom review of state government produced a report with recommendations to make government leaner, more efficient and a better servant of the people.

The CPR report includes more than 1,200 recommendations to:

- ★ Reform the state’s unwieldy organizational structure.
- ★ Modernize the state’s outdated management systems.
- ★ Enhance the effectiveness and efficiency of state programs.
- ★ Improve state employee hiring and recruitment practices.
- ★ Streamline the state’s purchasing systems.
- ★ Leverage the power of technology to improve the quality of government services.

After receiving the report on August 3, the Governor created the CPR Commission, chaired by William Hauck and Joanne Kozberg. The Commission shared CPR’s recommendations with Californians. To change government on the behalf of the people, the Governor wanted the final recommendations to reflect the input of the people.



Governor Schwarzenegger greets participants at a California Performance Review public hearing in August.

In August and September, the Commission held eight hearings throughout the state. While each hearing focused on specific issues addressed in the CPR report, the Commission took public testimony on any issue contained in the report. Californians were also encouraged to submit their feedback via the internet.

The Governor will continue to review the public’s response to CPR and will implement those recommendations which make government more accountable, effective and efficient. He can do this through administrative action, executive order, the budget, the legislative process and, if necessary, the ballot.

## OPEN GOVERNMENT

### Promise Made

“I will open the windows and doors of government. It is time to let the sunshine in.”

10/01/03

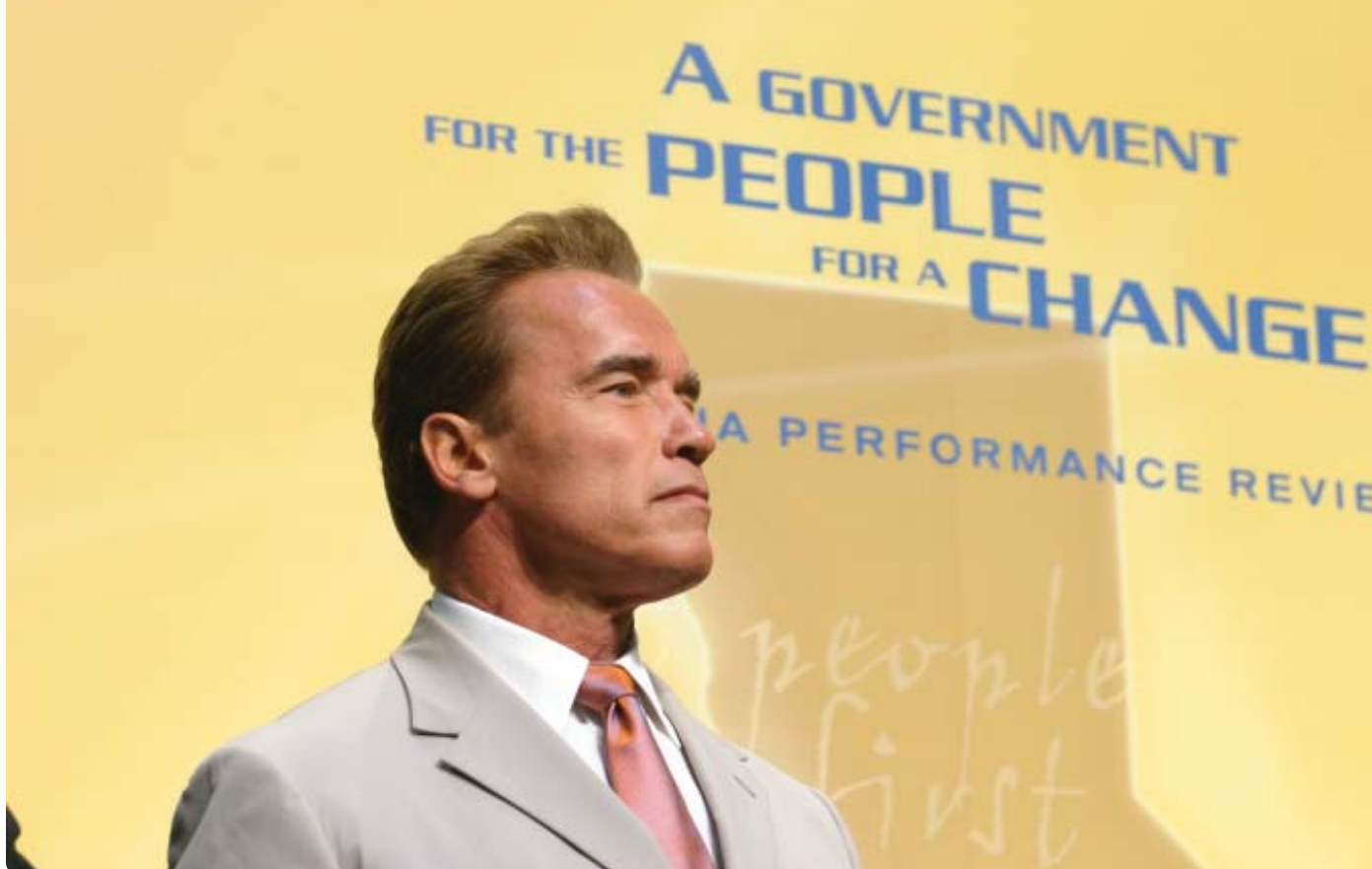
### Promise Kept

The Governor supported SCA 1, which was on the November ballot as Proposition 59. This measure will provide a constitutional right of public access to government meetings and documents. Proposition 59 will bring a new level of accountability to our elected representatives and make government more accessible to the people.

- ★ Proposition 59 was overwhelmingly approved by the voters November 2.

The Governor also introduced AB 2714, which would have made the legislature subject to the same open government rules to which the Governor and all constitutional officers must adhere. The measure was not supported by the legislature.





"This report is a top-to-bottom look at how to improve our government; its performance, its practice, and how to lower its costs," the Governor said upon receiving the California Performance Review in August.

## MAKING GOVERNMENT SMARTER

### Promoting Volunteerism

The Governor and First Lady strongly believe that California's greatest natural resources are its people, and they want all Californians to join them in serving and strengthening our Golden State.

To encourage and facilitate volunteerism in California, the Governor signed an Executive Order creating the California Service Corps. The Service Corps will serve as the state's lead agency for community service and volunteerism. It will partner with other public and not-for-profit agencies to leverage greater resources.

The First Lady serves as honorary chair of the Service Corps, and she will lead the expansion of the state's service and volunteer efforts. Serving others is as easy as donating blood, planting a school garden, building a neighborhood playground or reading to a child.

In 2004-05 the California Service Corps will provide \$33 million in AmeriCorps grants to 61 community-based service programs.

The Governor also enlisted a bipartisan effort to remove major barriers to volunteerism in California.

By signing AB 2690, state labor laws will allow volunteers to assist on many important public works projects without requiring they be paid the prevailing wage.

### Streamlining California's Procurement System and Technology Infrastructure

Dedicated to improving the efficiency of government, the Governor has taken action consistent with some CPR recommendations. He streamlined the state's procurement system and improved California's information technology infrastructure.

California currently spends more than \$4 billion annually on goods and services. The Governor's Strategic Sourcing Initiative calls for leveraging the state's buying power to receive the lowest price for goods and services. By consolidating purchasing power in one entity, instead of hundreds of separate state departments, boards and commissions, the state could realize savings on everything from laser printers to pharmaceuticals.

The Governor has also proposed consolidating the state's two data centers. This plan will enhance the security, quality and management of California's information systems while saving millions of dollars annually.

## DMV Wait Time Reduction

Californians were spending too much time waiting in line at Department of Motor Vehicles offices for routine business. Using technology, creativity and best practices from DMV offices statewide, the DMV has improved service and encouraged people to “get out of line and go online” to the DMV website.

- ★ Wait times in the largest 91 offices were slashed from almost an hour to less than 20 minutes.
- ★ Savings identified in the DMV budget were used to fill 400 positions to reduce lines and improve service.
- ★ The \$4 dollar fee for internet transactions was eliminated to encourage online use of DMV services.
- ★ The DMV tested kiosks that can dispense vehicle registration license plate tags and registration cards.
- ★ Online driver license renewal was introduced in September for Californians who do not need a new picture.

Reductions in wait times and improved customer service underscore the Governor’s commitment to making government accountable, efficient and technologically accessible for the people.

## Licensing Backlog Reduction

Beginning in 2003, a number of California’s professional licensing boards reported significant delays in the processing of license applications. In some cases, the delays were projected to be as long as 13 months.

The Governor is focused on getting Californians back to work, so the administration deployed a temporary workforce, dubbed the “A-Team,” to tackle the problem. Through the use of mobile testing units and the hiring of additional temporary staff to process paperwork, the Contractors State License Board, the Board of Barbering and Cosmetology, the Board of Registered Nursing and the Board of Vocational Nursing and Psychiatric Technicians processed thousands of backlogged license applications.

More than 18,000 waiting nurses, barbers, cosmetologists and contractors in the state were able to immediately seek jobs in their chosen profession.



Governor Schwarzenegger opens the California Garage Sale in August.

## California Garage Sale

To eliminate excess government property, the Governor held a “Garage Sale” in Sacramento on August 27 and August 28 to liquidate surplus state materials.

Details of the sale:

- ★ 75 large crates of unneeded state property, plus items lost or confiscated at airports and assets seized by local government and police agencies, were sold.
- ★ More than \$190,000 in total revenue was raised.
- ★ An estimated 10,000 customers showed up for the two-day sale.
- ★ More than 100,000 “hits” were registered for items offered online.
- ★ The event received worldwide media attention as an effort by the Governor to “clean out the cobwebs of government.”

The garage sale was part of an overall asset management strategy that the Governor instituted in May, when he issued an Executive Order directing government to more efficiently manage the state’s core real property assets.

## E-Budget

For the first time, the state budget was made available online and on CD-ROM. California’s 2004-05 E-Budget gave the people more understandable, more detailed and easier access to state budget information.

The E-Budget saved more than 27,000 pounds of paper and cost almost \$100,000 less to produce than the 2003-04 budget.★

“Education is the key to every future success for our state.”

Governor Arnold Schwarzenegger  
1/8/04

# EDUCATION

## Investing in Our Future Leaders

- ★ Williams Lawsuit Settlement
- ★ Education Agreements
- ★ Supporting Charter Schools

Every Californian deserves a quality education that gives them the tools to succeed in our high-tech, fast-paced society. The strength of our state depends on the next generation of leaders and innovators, and Governor Schwarzenegger has made great strides toward improving California schools.

To reinforce California’s commitment to education in a tough budget environment, the Governor worked directly with education leaders to protect schools from cuts.

Governor Schwarzenegger also succeeded in accomplishing real reforms that will have an immediate impact in our classrooms, and lay the groundwork for making California schools once again the model for the country.

## FUNDING & REFORMING EDUCATION

### Promise Made

“I will... get more money directly in the classroom.” 10/1/03

### Promise Kept

The Governor took action to give California children a quality education and the opportunities they deserve by settling the Williams vs. California lawsuit.

The landmark reforms contained in the agreement ensure qualified teachers for every student, an end to the shortened school calendar for some of the most over-crowded schools, clean and safe school facilities and up-to date textbooks in core subjects for students.

By settling the Williams lawsuit and signing bills related to the settlement, the Governor has provided:

- ★ Nearly \$1 billion for more than 2,400 low-performing schools.
- ★ \$138 million for standards-aligned instructional materials.
- ★ Up to \$800 million to ensure students learn in safe, clean facilities.
- ★ \$50 million for implementation costs.

Governor Schwarzenegger connects with students at Edison Middle School in Los Angeles after the announcement of the Williams Case settlement in August. “When I learned about this lawsuit I put a team together and told them to negotiate and to put an end to this suit, and to come up with an agreement that will put children first,” the Governor said.



### Promise Made

“We must give local schools the power to meet the specific needs of their own communities.” 1/6/04

### Promise Kept

The Governor signed AB 825 to begin reforming categorical programs and give local schools more freedom. Categoricals are state funds dedicated to school districts for state mandated purposes. There are dozens and dozens of categoricals, and many may not meet local educational needs — they simply tie the



hands of schools and overly dictate government education spending.

AB 825 represents the most comprehensive categorical reform in recent history. It will reduce state and local bureaucracy and allow local school leaders to target education spending to best meet the needs of their students.

AB 825 enhances local control by consolidating 26 K-12 education categorical funding programs and some supplemental instruction hourly reimbursement programs into six categorical block grants, effective beginning in the 2005-06 fiscal year. The bill allows school districts the flexibility to use \$1.8 billion in funds within six block grants in the following categories:

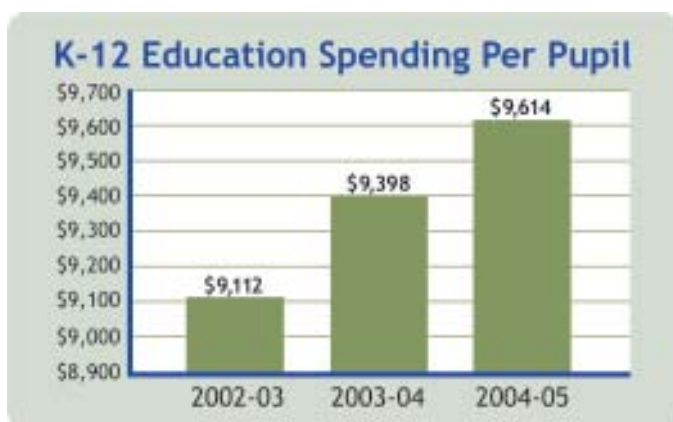
1. Pupil Retention
2. School Safety
3. Teacher Credentialing
4. Professional Development
5. Targeted Instructional Improvement
6. School and Library Improvement

## Promise Made

“Our children should always have the first call on our treasury... I want all children to have what I had growing up, which is a great foundation.” 01/08/04

## Promise Kept

- ★ Total education funding increased to \$58.9 billion, \$2.2 billion more than the 2003-04 budget level.
- ★ Ongoing Proposition 98 per-pupil spending increased by \$120 more than the 2003-04 Budget Act level.



- ★ Charter Schools received a block grant funding increase of \$21.8 million.
- ★ California Community Colleges received a 9.6 percent overall funding increase, including sufficient funds to increase enrollments by 50,000 full-time equivalent students over 2003-04 levels.
- ★ California Community Colleges' budget provided \$80 million for equalizing disparities in instruction funding levels. These funds provide additional unrestricted resources for addressing community colleges' most critical needs.

## Promise Made

“We must limit fee increases to no more than 10 percent a year [for UC and CSU students].” 1/6/04

## Promise Kept

The Governor worked closely with higher education leaders to arrive at a multi-year Education Compact that invests in our schools and our public university students.

The Governor's higher education compact included an agreement to end the boom-and-bust cycle of fluctuating college fees. To create stability and predictability in tuition hikes and give families the ability to plan ahead, fee increases for undergraduates will not exceed more than 10 percent, on average, over the next three years.

The compact also:

- ★ Includes an agreement to increase the number of students studying to become science and math teachers. This will support K-12 math and science education in the state.
- ★ Increases base funding for UC and CSU beginning next year and continuing through 2010-11.
- ★ Funds enrollment increases every year to maintain the Master Plan's promise of access to all qualified students.
- ★ Ensures continuation of vital academic preparation programs and increases financial aid to ensure access for low income students.
- ★ Increases accountability for student performance and requires prudent use of funds by the university systems.
- ★ Protects effective outreach and academic prep programs.

Students at the Hope Academy in Sacramento listen as the Governor answers reporters' questions during a press conference in June during which U.S. Education Secretary Rod Paige presented Governor Schwarzenegger with the first installment of \$75 million in federal grant funds for California charter schools.



## Promise Made

"My budget will fund UC's tenth campus." 1/6/04



"Charter schools are the pathfinders of education," the Governor said before receiving the federal grant check from Secretary Paige, "using new teaching methods and new standards, giving parents more choices for their children in the public school system."

## Promise Kept

The Governor's 2004-05 budget funds the University of California, Merced. The budget includes \$20 million for faculty hiring, enrollment, library materials and operational costs necessary for opening in the fall of 2005 with 1,000 anticipated students.

### Charter Schools

The Governor strongly believes that a quality education gives children the chance to follow their dreams, and he supports charter schools in their innovative efforts to educate the future leaders of California.

Charter schools give parents more choices for their children in the public school system. During the 2003-04 school year, approximately 470 charter schools served roughly 165,000 students in California.

On June 29, the Governor accepted a \$75 million federal grant for charter schools:

- ★ California will receive \$24.7 million in 2004 and up to \$25 million in each of the two subsequent years.
- ★ This grant money will fund an additional 250 high-quality public charter schools.
- ★ By the year 2007, charter schools will educate an additional 100,000 students.

The Governor also vetoed legislation that would have unnecessarily restricted the operational freedom of charter schools.

### Reading First

The Governor provided \$29.6 million for reading intervention. These dollars help schools identify and remediate students' reading deficiencies in order to reduce special education referrals.

### Internet 2

The budget includes \$20.2 million for schools to receive high speed Internet access and to help schools not currently connected to the state's network. This will facilitate distance learning, teacher training and transfer of student information.

The Governor also signed the following important education legislation:

**AB 2756** improves the state's system of fiscal oversight for school districts. These reforms will improve fiscal monitoring of school districts and strengthen the procedures that are triggered when a school district requests an emergency loan.

**SB 1785** establishes an improved program for community college students to transfer into the CSU system. Students who use this streamlined track will be guaranteed admission to the CSU campus they have designated. ★



In January, Governor Schwarzenegger speaks to teachers at Sutter Middle School in Sacramento. "I want all children to have what I had when I grew up, which is a great foundation," the Governor said. "I had a jump start in my life because of that, because of that foundation, and that's what we want to do for all the children."



Photo by Duncan McIntosh

## The Hydrogen Highway

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In October, Governor Schwarzenegger unveiled the first retail hydrogen station on the Hydrogen Highway in Los Angeles.



“I intend to show the world that economic growth  
and the environment can coexist.”

Governor Arnold Schwarzenegger  
1/6/04

# Environment & Resources

## Green Growth

- ★ **Hydrogen Highway**
- ★ **Reducing Air Pollution**
- ★ **Sierra Nevada Conservancy**

California is world-renowned for its diverse natural resources, and Governor Schwarzenegger has taken action to protect these vital resources for future generations.

The choice is not between economic progress and protecting the environment — the Governor has shown that what is good for the environment is good for California. A healthy environment leads to a more productive workforce, a healthy economy and a better quality of life for all Californians.

The Governor encouraged environmental policy that promotes creative public-private partnerships, rewards innovation, attracts investment, creates high-quality jobs and ensures accountability.

## HIGHWAY TO THE ENVIRONMENTAL FUTURE

### Promise Made

“I’m going to encourage the building  
of a hydrogen highway to take us to  
the environmental future.”

1/6/04

Governor Schwarzenegger signs an executive order creating the Hydrogen Highway at UC Davis in April. “As I have said many times,” the Governor said, “the choice is not between economic progress and environmental protection. Here in California growth and protecting our natural beauty go hand in hand.”

### Promise Kept

On April 20, the Governor signed an Executive Order to create a public and private partnership to build a Hydrogen Highway in California by 2010. This effort will continue California’s leadership in environmental innovation and clean technologies.



The goal of the California Hydrogen Highway Network is to support and catalyze a rapid transition to clean hydrogen transportation in California. On October 22, the Governor opened the first retail hydrogen fueling station in Los Angeles.

- ★ The California Hydrogen Highway Network initiative is a down payment on securing California's future in the areas of air quality, public health and energy security.
- ★ The Hydrogen Highway Network will consist of 150 to 200 hydrogen fueling stations — approximately one station every 20 miles on major California highways.
- ★ Station Number One is located at the University of California, Davis.

## CLEAR THE AIR

### Promise Made

"I will work to reduce air pollution statewide by up to 50 percent." 11/9/03

### Promise Kept

Two-thirds of California's air pollution comes from mobile sources, and less than 10 percent of vehicles currently operating on California's roads contribute close to 50 percent of California's mobile source air pollution.



In April, Governor Schwarzenegger arrives in a hydrogen-fueled vehicle to sign the executive order creating the Hydrogen Highway. "It will help us protect our spectacular forests and our wonderful mountains and deserts, and make California a cleaner and healthier place for everyone," the Governor said.

In addition to the Hydrogen Highway Network, the Governor has taken significant steps to reduce air pollution by signing legislation that:

- ★ Allows hybrid cars that get more than 45 miles per gallon to use High Occupancy Vehicle lanes — no matter how many people are in the car. This will help boost the demand for hybrid vehicles, which produce fewer smog causing pollutants. Ultra-clean, fuel-efficient hybrids support California's goals for clean air, energy independence and reduced greenhouse gas emissions.
- ★ Permanently funds the Carl Moyer Memorial Air Quality Standards Attainment Program. Legislation signed by the Governor provides up to \$141 million each year to replace old diesel engines, including those found in school buses and agricultural machinery, with efficient, cleaner engines. This program has proven to be one of the most effective programs available to immediately reduce air pollution.
- ★ Ends emissions test exemptions for older vehicles by requiring any car built after 1975 to have a smog check every two years.
- ★ Requires trucks coming into California from Mexico to meet national emissions standards.



Governor Schwarzenegger spoke at the unveiling of FedEx's new hybrid diesel delivery truck in March. FedEx is introducing 18 of the new vehicles into its fleet this year.

## Promise Made

"I am going to encourage builders to build homes using partial solar power." 1/6/04

## Promise Kept

The Governor strongly supports increased use of solar power for homes and businesses in California. Solar power could result in energy savings for the state during peak demand periods, provide long term cost savings for homeowners and contribute to a more diversified energy portfolio for California.

The Governor introduced an ambitious plan to put solar systems in one million homes by 2017. The Legislature agreed to a down payment of \$60 million for this plan.



## THIS LAND IS YOUR LAND

### Promise Made

“I will support the establishment of a Sierra Nevada Mountains Conservancy.” 11/9/03

### Promise Kept

On September 23, the Governor signed historic legislation establishing the 25-million acre Sierra Nevada Conservancy. As California's largest conservancy, the Sierra Nevada will provide grants to local governments for environmental protection, resource conservation, recreational opportunities and economic growth.

The Sierra Nevada Conservancy supports environmental preservation and assists the regional economy; preserves working landscapes; provides increased opportunities for tourism; and allows for proactive management of resources that can reduce the impact of natural disasters, such as wildfire.

- ★ More than 65 percent of California's bird and mammal species and at least 50 percent of the state's reptile and amphibian species live within the Conservancy's boundaries.
- ★ As California's principal watershed, the region produces 65 percent of the state's water supply for residential and agricultural uses.
- ★ Between 33 and 50 percent of timber produced in California comes from within the Conservancy's borders.



“California's coastline is a symbol of our grand environmental heritage. We continue that heritage today with a plan to sustain our ocean and coastline for today, tomorrow, and forever,” the Governor said while introducing the new Oceans Action Plan in October. With the Governor are CalEPA Secretary Terry Tamminen, Resources Secretary Mike Chrisman, Clint Eastwood, Vice Chair of the California State Park and Recreation Commission, and Leon Panetta, former White House Chief of Staff and founder of the Panetta Institute at California State University, Monterey Bay.

### Hearst Ranch

The Governor's dedication to the acquisition and preservation of parkland, habitat, open space and agricultural land resulted in protecting one of the largest remaining open spaces along the California coast. In an agreement with the Hearst Corporation, the 80,000 acre Hearst Ranch, with 13 miles of coastline in San Luis Obispo County, will be preserved for future generations to enjoy.

### Protecting our Natural Resources

#### Water

Governor Schwarzenegger is protecting the state's water supply, water quality and ecosystem restoration through the CalFed program – the nation's most comprehensive water management system.

- ★ The Governor is implementing the 30-year CalFed Bay-Delta Program to protect the water supply for 22 million Californians.
- ★ The Governor funded CalFed and provided leadership to gain federal cooperation on funding for projects to secure a reliable water supply for California while protecting the environment.
- ★ After cooperation between the Governor and congressional leaders, the President signed legislation to authorize \$395 million for the CalFed program.

#### Oceans

California is home to spectacular beaches and coastline, and Governor Schwarzenegger is committed to protecting and managing the state's unique ocean and coastal resources.



Governor Schwarzenegger shakes hands with Assemblyman John Laird, co-author of the bill creating the Sierra Nevada Conservancy, after signing it into law. Also pictured are Resources Secretary Mike Chrisman, CalEPA Secretary Terry Tamminen and Assemblyman Tim Leslie, the conservancy bill's other co-author.



## Unveiling The Oceans Action Plan

In October, Governor Schwarzenegger unveils the Oceans Action Plan in Point Lobos. "Safeguarding the ocean and coastline are critical," the Governor said, "because there are imminent threats: air and water pollution, beach erosion, dangers to marine life and much more."

### California Ocean Resources Management: A Strategy for Action

The Governor directed his Cabinet Secretaries for the Resources Agency and the California Environmental Protection Agency to develop a strategy for managing California's ocean resources.

The goals of the plan include:

- ★ Increasing the abundance and diversity of aquatic life in California's ocean, bays, estuaries and coastal wetlands.
- ★ Making the water in these bodies cleaner.
- ★ Providing a marine and estuarine environment that Californians can productively use and safely enjoy.
- ★ Supporting ocean-dependent economic activities.

The plan sets forth the following immediate actions:

- ★ **California's Ocean Protection Council**  
Signed into law by the Governor, the California Ocean Policy Act established a California Ocean Protection Council that will guide ocean policy and coastal protection.
- ★ **\$10 Million for Ocean Protection**  
Under the budget signed by the Governor, \$10 million in tidelands revenues is allocated to fund the immediate actions of the California Ocean Protection Council.

- ★ **California's Ocean Currents Monitoring System**

Through Proposition 50 funding, \$21 million is allocated for California's Ocean Currents Monitoring System. This program will assist with fisheries management, oil spill tracking and search and rescue operations.

- ★ **California's Marine Life Protection Act (MLPA) Blue Ribbon Task Force**

The MLPA includes a new public-private partnership for funding a Blue Ribbon Task Force. The task force will expand public input and implement a fair and scientific process to advise the Fish and Game Commission on determining California's marine-protected areas.

- ★ **Eliminate the Adverse Impact of Offshore Oil and Gas Development**

The Governor will continue to protect California's coast against the adverse impacts of offshore oil and gas development.

- ★ **Limiting Cruise Ship Discharge**

The Governor signed legislation that prohibits cruise ships from conducting onboard incineration and discharging grey water within three miles of California's shore. This will improve ocean water quality, reduce beach closures and help fragile coastal ecosystems.

## Fire Prevention and Suppression

The Governor took action to improve fire prevention and suppression efforts across California and addressed many of the issues identified by the Blue Ribbon Fire Commission.

In May, the Governor issued an Executive Order directing the California Department of Forestry and Fire Protection (CDF) to increase assistance for fire response in Southern California during the 2004 fire season. The CDF was ordered to:

- ★ Assign a minimum crew of four firefighters to 53 CDF engines in the counties of Riverside, San Bernardino and San Diego.
- ★ Assign additional resources in Los Angeles, Ventura and Orange counties.
- ★ Place back into service 10 refurbished fire engines to be staffed with a minimum crew of four firefighters to assist with wildfire suppression in the counties of Riverside, San Bernardino and San Diego.
- ★ Staff four additional CDF Conservation Camp Fire Crews in the Southern portion of the state.
- ★ Lease, staff and deploy a helicopter to be based in San Diego County.

Additional achievements include:

- ★ The Department of Forestry and Fire Protection and the Governor's Office of Emergency Services have worked with federal and local counterparts to ensure that programs and agreements for use of land and aerial assets are efficient and effective.

- ★ The Governor signed five bills that will help keep homes fire-safe; require local communities to submit fire plans for review; address issues related to forestry management; improve radio communication during fires; and certify military pilots to engage in firefighting operations with state and local firefighters.
- ★ Along with conservation groups and the federal government, the state implemented an action plan for bark beetle tree removal. A total of \$70 million is expected to fund removal of dead trees to protect emergency evacuation routes from being blocked during emergencies in the San Bernardino Mountain Region.

## Brownfields

The Governor is committed to productive use of brownfield sites. He signed legislation to:

- ★ Protect open space that would otherwise be developed if brownfield properties were not available.
- ★ Give landowners the ability to develop brownfield properties without fear of liability from previous owners' actions. This will make development of blighted and underutilized sites attractive and feasible.
- ★ Create more opportunities to invest in our urban communities by working with local officials and other interested stakeholders. ★



“As Governor, I have pledged to return the power to the people.  
That goes for energy as well.”

10/8/04

“I did not seek this job to cut, but to build.”

1/06/04

Governor Arnold Schwarzenegger

# ENERGY & INFRASTRUCTURE

## Power and Transportation

### ★ Energy Plan

### ★ Promoting Conservation

### ★ Indian Gaming Funds for Transportation

In order for California to compete in today’s global economy, it needs a 21<sup>st</sup> century infrastructure.

Californians deserve a 21<sup>st</sup> century transportation system, and commerce must be able to move throughout the state swiftly. To help restore California’s economic might and improve the quality of life in the state, Governor Schwarzenegger funded important transportation efforts, such as congestion

relief and public transit.

A reliable and affordable energy supply is also paramount to California’s recovery. The Governor announced an energy reform plan that will create supply, competition, conservation and lower prices. With the Governor’s plan, energy prices will no longer be a barrier to job opportunities and economic growth.

Governor Schwarzenegger’s actions to create an improved transportation system and a reformed energy market are integral to the California comeback.

## EMPOWERING CALIFORNIA

### Energy

The Governor’s energy plan will steer California away from the system that plunged the state into a crisis and hurt businesses and consumers. The Governor’s plan calls for power that is affordable, reliable and environmentally sound.

California also needs more power plants to ensure that families and businesses have an abundant, affordable power supply. Getting more power plants online requires a regulatory structure that emphasizes adequate reserve margins, long-term contracts and transparent, competitive procurement.

Key parts of the plan include the following:

- ★ In April, the Governor called for all sellers of electricity to have a 15 percent reserve of electricity to avoid blackouts. The PUC adopted this standard, which will go into effect by the summer of 2006.
- ★ Instead of buying power on the spot market, the Governor proposed allowing utilities to enter into long-term contracts. Long-term contracts will assure stable supplies of energy and prevent the type of market manipulation that occurred during the energy crisis. The PUC must create an open, transparent and competitive procurement process to ensure that ratepayers get the most reasonably priced power available in the market.

The Governor's plan also calls for capitalizing on renewable energy technology:

- ★ The Governor accelerated California's renewable energy goal by calling for utilities to receive 20 percent of their power from renewable sources by 2010, rather than 2017. The PUC has adopted this goal.
- ★ The Governor advocated for an increase in the number of solar power systems on residential and commercial rooftops in California. In September, the Governor signed a bill that will make it more affordable for 12,000 homes to install solar power systems.
- ★ The Governor called on utilities to make cost effective investments in energy efficiency before investing in new power plants.

In addition to the Governor's energy plan, other energy accomplishments include:

### Conservation

While the Governor addressed long-term structural reforms needed in the energy markets, he also took immediate action to alleviate some of the demand on the system.

- ★ In July, the Governor convened an Energy Conservation Summit to promote energy conservation efforts by the public sector, private sector and individuals in California.
- ★ The Governor announced that the state would lead in the conservation effort. He signed an Executive Order requiring all state agencies to reduce energy use during the peak summer season.
- ★ The Governor held discussions with members of the California Independent System Operator, the Public Utilities Commission and business leaders to encourage the use of demand response programs.



During July's energy conservation summit, the Governor signed an executive order requiring all state agencies to cut down on energy use during the high-demand summer months.

### Flex Your Power at the Pump

In response to high energy prices, Californians "flexed their power" and successfully conserved a significant amount of energy. In May, in response to high gasoline prices, the Governor broadened the conservation campaign with a message to "Flex Your Power... at the Pump."

The Governor called on California employers to take common-sense actions to ease the impact of high gas prices to save money, help the economy and protect the environment. He also called on the state to purchase highly efficient vehicles, such as hybrids, when the state replaces vehicle fleets.

### Enhancing Reliability

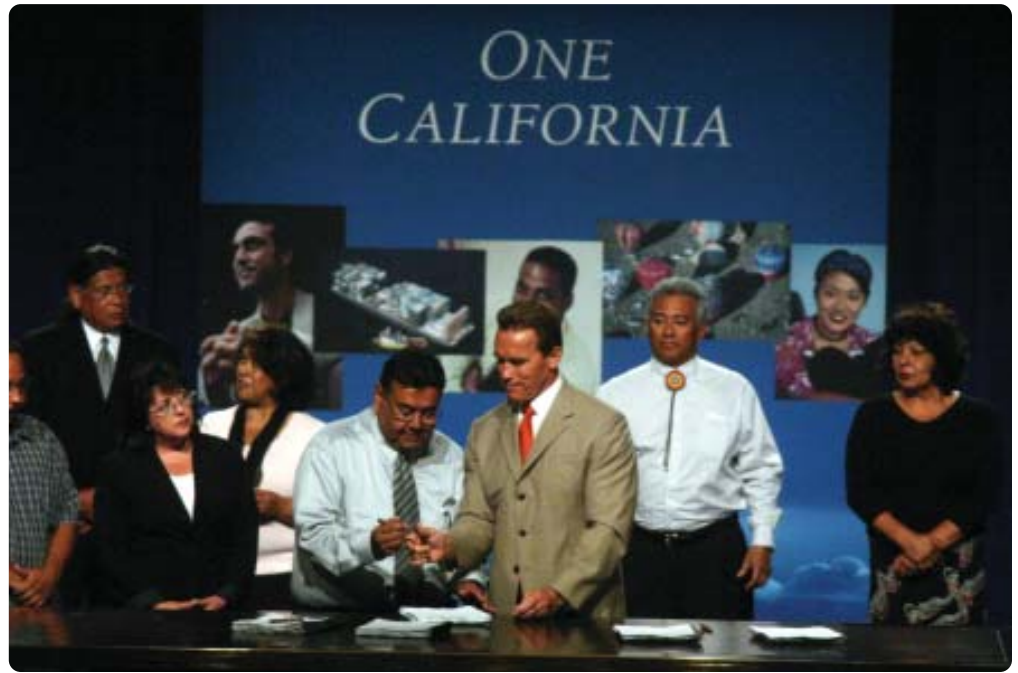
In addition to accelerating the mandate for higher reserve requirements to 2006, the Governor supported demand response initiatives under the *Flex Your Power Now!* campaign umbrella. These programs provide electricity users incentives to reduce or stop their power consumption during power shortages and peak hours.

By minimizing power use during peak hours and driving demand to times when there is more energy capacity, the Governor is improving the reliability of energy in the state.



At his energy conservation summit in July, Governor Schwarzenegger confers with Cabinet Secretary Marybel Batjer. To his right is Chief of Staff Pat Clarey.

Governor Schwarzenegger signs gaming compacts with sovereign Indian tribes in June that will help fund important transportation projects.



## KEEPING CALIFORNIA MOVING

### Transportation

“[The Indian gaming agreement] brings in at least \$1 billion in new state revenue this year, which I will dedicate to desperately needed transportation projects.”

6/21/04

On June 21, the Governor announced agreements with tribal leaders that will help California receive additional funds from gaming operations for important transportation projects. These funds, more than \$1 billion in this year’s budget, will go to the following transportation efforts:

- ★ \$290 million for congestion relief.
- ★ \$457 million for highway construction projects.
- ★ \$275 million to improve the accessibility and service of our public transportation system.
- ★ \$192 million for local governments to repair their streets and intersections.

Other transportation accomplishments include:

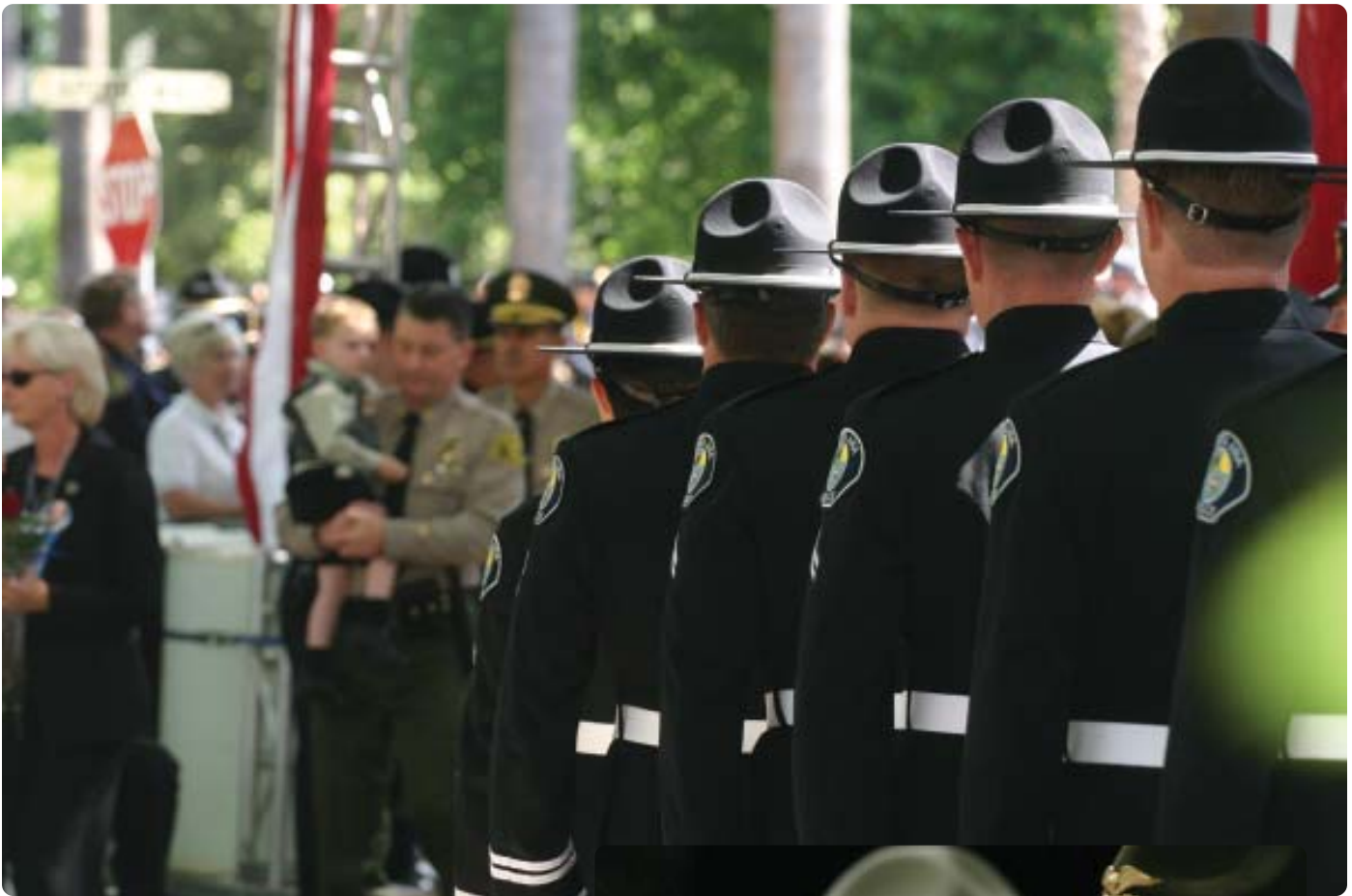
#### Bay Area 511 Service Improvement

In March, the toll-free 511 traffic information service underwent a major technological upgrade. On-demand, point-to-point driving times were added to the service, making the Bay Area the first metropolitan area in the country to offer this level of detail on traffic conditions through a toll-free 511 system. The *511 Driving Times* feature informs callers of the current travel time between cities or major landmarks in the Bay Area, and if there are any incidents on the route.

#### New Baby Bullet express train service unveiled in Bay Area

In June, Caltrain introduced the Baby Bullet commute-hour express train service between San Francisco and San Jose. A \$110 million project, the Baby Bullet includes five morning and five evening trains from Monday through Friday. ★





## Peace Officers' Memorial Ceremony

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"We will remember their valor.  
We will model ourselves on their  
integrity, their belief in a cause  
more important than ourselves."

5/07/04

On May 7, Governor Schwarzenegger recognized the brave men and women in law enforcement at the Peace Officers' Memorial ceremony. The event is held every year in Sacramento in honor of California's fallen officers.

“I’ve always had the greatest respect for the law enforcement community... I believe there is no profession more noble.”

Governor Arnold Schwarzenegger  
5/7/04

# LAW ENFORCEMENT

## Protecting the California Dream

- ★ **Prison Reform**
- ★ **Supporting California Peace Officers**
- ★ **Parole Accountability**

Every Californian has the right to live a life free from fear and harm, and the Governor has steadfastly supported California peace officers and aggressively instituted prison reforms.

Governor Schwarzenegger deeply appreciates the men and women who courageously keep the peace and uphold the law in California. Each day, they

selflessly protect Californians, preventing tragedy and preserving the promise of our Golden State.

The Governor’s vision for a safe California also includes a prison system where violent and dangerous criminals are kept behind bars. The system must be committed to rehabilitating our prisoners and giving them education and vocational training so they do not revert to crime when they are released. California prisons must also be managed with the highest degree of professionalism.

## Promise Made

“We are... going to change the culture that allows the code of silence, which is not acceptable in my administration.” 8/16/04

## Promise Kept

Upon taking office, the Governor found a prison system that lacked sufficient financial and behavioral accountability, so he immediately took action to make California prisons more accountable and more transparent in their operations.

- ★ The Governor has appointed experienced, reform-minded individuals to corrections positions. One of the Governor’s first appointments was Roderick Hickman as Secretary of the Youth and Adult Correctional Agency. The Governor has charged Secretary Hickman with changing the culture and improving the operations of the state prison system.

- ★ The Governor instituted a zero tolerance policy against the “Code of Silence.” Prison employees who fail to cooperate with an investigation or fail to report misconduct will be subject to disciplinary action.

The Governor created an Independent Review Panel, chaired by former Governor George Deukmejian, to expedite fundamental reform within California’s youth and adult correctional systems.

The Panel investigated and made recommendations on:

- ★ Overall organizational structure.
- ★ Risk management practices and policies.
- ★ Personnel and training programs.
- ★ Operational improvements.
- ★ Cost benefits in service and program delivery.
- ★ Productivity and performance enhancements.
- ★ Organizational ethics and culture.

Additional reform measures:

- ★ Tripled the budget of the Office of the Inspector General and appointed a new director and key staff to make sure that the corrections system has a strong, independent watchdog monitoring its performance.

- ★ Created a Bureau of Independent Review in the Inspector General's Office to conduct real-time audits of the most critical investigations of employee misconduct.
- ★ Appointed an Assistant Director at Corrections to oversee changes to the officer discipline and investigation process.
- ★ Appointed a new assistant chief counsel of the employment law unit at the California Department of Corrections to implement reforms, including establishment of a prosecution unit for staff misconduct.
- ★ Launched an accountability audit to make sure that problems uncovered in recent years are addressed.
- ★ Restructured the Youth and Adult Corrections Agency budget process to make wardens responsible and accountable for their own institution's budgets.
- ★ Required each institution to maintain sick leave and overtime usage at budgeted levels only.

The California Youth Authority has addressed many of the issues regarding use of force. The California Youth Authority has:

- ★ Provided training for all peace officer staff on proper use of force.
- ★ Suspended the use of K-9 units for crowd control and ward control.
- ★ Removed the Secure Program Areas from the education program.
- ★ Closed down the Tamarack Lodge at Preston Youth Correctional Facility.

## Promise Made

"I will not let California's driver's licenses be turned into fraudulent documents. I will not let our law enforcement be weakened and our national security be threatened."

10/01/03

Accompanied by Corrections Secretary Rod Hickman, the Governor tours Mule Creek State Prison in August. "I came here today on a fact finding mission," the Governor said, "to see firsthand the state of our prisons, and to get all the information I can on how to put this broken system back together."

## Promise Kept

One of the most important duties of the Governor is to protect the citizens of California. Any bill extending driver's licenses to undocumented immigrants must allow for determining the true identification and history of an individual, or carry a distinguishing mark or color that denotes passage of driving tests but does not serve as official state identification.

On December 3, 2003, the Governor signed legislation repealing SB 60, which granted driver's licenses for undocumented immigrants without sufficient security measures.

The Governor also vetoed AB 2895, another driver's license bill for undocumented immigrants which failed to adequately address the security concerns of the Department of Motor Vehicles and the California Department of Homeland Security.

## KEEPING CALIFORNIANS SAFE

### Supporting Peace Officers

The Governor has strongly supported the men and women who risk their lives to keep Californians safe. He has:

- ★ Restored \$2.7 billion in local government funding to support public safety and other essential local services.
- ★ Supported Proposition 1A to protect the funding of local law enforcement, firefighters and other safety professionals.
- ★ Authorized 270 new California Highway Patrol (CHP) officer positions.
- ★ Reopened the CHP Academy for new cadet classes.
- ★ Visited the CHP Academy in West Sacramento to present a proclamation recognizing the CHP's 75 years of keeping Californians safe.







On Wednesday, August 11th, the 75th anniversary of the founding of the California Highway Patrol, Governor Schwarzenegger visited the CHP Academy in Sacramento to express his gratitude to officers for their service. "This is a great accomplishment, 75 years of California Highway Patrol," the Governor said. "It's a tough job to do this here in California."



- ★ Appointed Michael Brown Commissioner of the California Highway Patrol. Commissioner Brown has 27 years of service with the CHP, most recently as chief for the Southern division responsible for planning and delivery of departmental field operations for Los Angeles County. Commissioner Brown will work closely with the Governor to ensure the safety of Californians and the security of vital state resources.

### "Three Strikes"

The Governor strongly opposed Proposition 66, which sought to take the teeth out of California's "Three Strikes" law. Proposition 66 would have rewritten the law to favor the criminal, not the victim, and thousands of career and violent criminals would have been eligible for release from prison.

Since "Three Strikes" was passed by the voters in 1994, California's crime rate has decreased by twice the national average, and our homicide rate has dropped more than 40 percent. To keep Californians safe and keep prisoners behind bars, the Governor supports "Three Strikes."

Shortly before election day, Proposition 66 appeared to have enough support to pass. The Governor, fearing the consequences to public safety, asked for the people's help in defeating the measure. The people came through.

- ★ On November 2, the voters opposed watering down the "Three Strikes" law by defeating Proposition 66.

### Proposition 69

The Governor supported Proposition 69 to collect DNA samples from felons for state and local databases. Proposition 69 will be vital for law enforcement in California, and it will help solve crimes, catch criminals and protect our neighborhoods.

- ★ On November 2, voters approved Proposition 69.

The Governor also signed important legislation that was supported by the law enforcement community to keep peace officers and all Californians safe:

**AB 50** includes long-range weapons in the assault-weapon's ban and bans the sale of .50-caliber guns.



"I've always had the greatest respect for the law enforcement community," said Governor Schwarzenegger at the Peace Officers' Memorial Service in May. "I believe there is no profession more noble than the one that you have chosen." Here, the Governor lays a flag at the foot of the monument to fallen officers and speaks to a child who lost a loved one this year.



**AB 488** strengthens the 1996 Megan's Law by posting the names of California sex offenders on the Internet. This bill represents significant progress in providing the most valuable tool the state can give parents to protect their children from sexual predators: information.

By providing sex offender information on the Internet, California will join the majority of other states that make this information accessible. The bill also calls for posting the addresses of the most egregious sex offenders on the Internet.

### Parole Accountability

The Governor has set forth a plan to improve public safety and reduce victimization by lowering the rate of recidivism among parolees. The Governor's plan provides additional tools for law enforcement, incentives for parolees to follow the law and safeguards and restitution for victims.

The Governor's parole policies include:

- ★ Effective pre-release planning.
- ★ Improved re-entry transition into the community.

- ★ New supervision and enforcement strategies.
- ★ Swift and appropriate sanctions for parole violations.
- ★ Increased parolee accountability to decrease the likelihood of creating another crime victim.

### Helping Victims

- ★ The Governor created a victim services function at the Youth and Adult Corrections Agency to oversee departmental operations, advise the secretary on victim issues and give crime victims a greater voice.
- ★ The state received a \$64.8 million federal grant to assist victims of violent crime. The grant is the largest ever in the 39-year history of the California Victim Compensation Program. ★



“California’s naval facilities, our air bases, our supply centers, our training commands have helped our nation produce the best trained and equipped military in the world.”

Governor Arnold Schwarzenegger  
1/06/04

## MILITARY SUPPORT

### Saluting Our Troops

- ★ **Supporting Military Families and Veterans**
- ★ **Visiting Troops**
- ★ **Base Retention**

Governor Schwarzenegger has traveled throughout the state and around the world to visit the brave men and women in the United States military and express his deep appreciation for their service.

Today, thousands of Californians are serving on the front lines in the War on Terror. The Governor and First Lady honor their sacrifice and their commitment to the noble cause of freedom.

The Governor has worked hard to protect and enhance services offered to our military heroes retired from duty — California’s veterans. The Governor also strongly supported efforts to keep military bases in California open and an active part of our national defense.

### SUPPORTING CALIFORNIA’S MILITARY FAMILIES

The Governor and First Lady have dedicated themselves to helping military families who have been forced to cope with a parent deployed far from home.

The First Lady launched a Military Families Initiative to support California military families through volunteer efforts. The initiative calls on organizations, businesses, community groups, schools and faith-based groups to volunteer their time on behalf of military families in their time of need.

Volunteers can provide educational support for families and assist with home projects, such as mowing the lawn, raking leaves, babysitting, washing the car or preparing a meal.

At Camp Pendleton, the First Lady also helped launch a Big Brothers Big Sisters Program, “Operation Bigs,” to give children support and mentoring.



In September, Maria Shriver visits Mary Fay Pendleton School to inaugurate a first-in-the-nation Big Brother Big Sister program called “Operation

Bigs.” The program pairs up the children of military personnel with mentors from the military community.





The Governor signed legislation important to California's military and National Guard families.

- ★ **SB 1193** provides an additional \$10,000 for the families of members of the National Guard, State Military Reserve or Naval Militia killed in the line of duty.
- ★ **SB 1332 and AB 1997** expand recruitment tools for the National Guard while increasing access to higher education and vocational schools for new recruits.
- ★ **AB 2205** provides child care assistance for some dependents of members of the military deployed to Iraq.
- ★ **SB 764** increases the property tax exemption for paralyzed veterans and/or their spouses who already own their own homes.
- ★ **SB 7** allows a member of the Armed Forces who is serving in a conflict overseas to be married by having someone else stand in as the bride or groom.

## SUPPORTING CALIFORNIA'S VETERANS

### Veterans Homes

- ★ Under the Governor's leadership, all three California Veterans Homes have successfully passed every Department of Health Services survey required for licensing. Additionally, the Veterans Homes have improved their reimbursement system to maximize federal reimbursements through better coding, accounting and billings. This enables them to significantly erase the reimbursement deficits and backlogs from previous years.
- ★ The Governor signed AB 1077, which provided \$100 million to fully fund the development, design and building of Veterans Homes in West Los Angeles, Lancaster, Ventura, Fresno and Redding. The Governor's leadership also resulted in the initial approval of a Letter of Participation from the U.S. Department of Veterans Affairs to provide \$125 million in federal funds for the first three homes.
- ★ After construction bids were not accepted by the federal grant program in previous years, the Governor's persistent efforts resulted in almost \$12 million of federal funds for construction projects at the Yountville Veterans Home.

### Veterans Services

- ★ The Governor secured \$8.6 million in federal funding for the construction of the Northern California State Veterans Cemetery in Shasta County.

Important veterans legislation signed by the Governor includes:

**AB 1736** authorizes the use of funds from the Veterans Home Bond Act of 2000 to construct, renovate, expand and equip veterans homes in Fresno and Shasta coun-

ties, Lancaster, Saticoy, West Los Angeles, Yountville, Chula Vista and Barstow.

**AB 1077** provides an additional \$100 million in lease revenue bonds to fund the state's portion of the costs for acquiring, designing, constructing and equipping veterans homes.

**AB 2268** authorizes the California Department of Veterans Affairs to contract with any veterans service organization, as defined to assist veterans with claims against the United States Department of Veterans Affairs.

**SB 764** increases the disabled veteran's property tax exemption amounts by a specified inflation factor, beginning January 1, 2006.

**SB 1688** annually designates the second full week in November as Veterans Appreciation Week in recognition of the veterans of the United States Armed Forces.

## RALLYING THE TROOPS

The Governor has frequently visited troops to thank them for their service.

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"Thank you for protecting our nation to the far corners of the earth." 1/30/04

On January 30, the Governor participated in a naturalization ceremony at Camp Pendleton for 207 sailors and marines.

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"The sacrifices that you make are so much appreciated by all of us — by not only... California, but by the entire country." 3/12/04

On March 12, the Governor visited Army National Guard soldiers deploying for Iraq at Fort Irwin.

Accompanied by General Tom Eres, the Governor arrives at the National Training Center in Fort Irwin on March 12th to visit California National Guard soldiers deploying for Iraq.



“You have answered a noble calling. You are giving strength to a cause that is just.” 5/3/04

On May 3, the Governor visited Ramstein Air Base in Germany, meeting with wounded troops and speaking to hundreds of soldiers.

## FIGHTING FOR CALIFORNIA’S BASES

### Promise Made

“We will fight to keep our bases open.” 1/6/04

“I have been in Iraq,” Governor Schwarzenegger said to soldiers of the 1-185th Armor Battalion at Ft. Irwin in March. “It’s a dangerous place, there’s no two ways about it. But I know that you are very well prepared. I know that you’re ready to go. And I just want to tell you that the sacrifices that you make are so much appreciated by all of us — by not only this state of California, but by the entire country.”



Governor Schwarzenegger talks to a wounded soldier at Ramstein Air Base in Germany in May.

### Promise Kept

The Pentagon will make the next round of base closures in 2005. Bases are critical to our national defense, and they are important to the California economy. To aggressively make the case for California bases, the Governor has:

- ★ Nearly tripled the funding for the office spearheading California’s base retention efforts, the Office of Military and Aerospace Support.
- ★ Instituted a comprehensive plan to assist communities in preparing materials for retention of military sites.
- ★ Established a position within the Governor’s Washington, D.C., office to deal specifically with military base retention issues.
- ★ Worked with the California congressional delegation to coordinate a unified effort for base retention.
- ★ Established the 18-member Council on Base Support and Retention, which will recommend strategies and actions to optimize the retainment and realignment of military installations, missions and commands in California.

The Governor has also signed critical legislation that will support California’s base retention efforts:

**AB 2565** requires the Office of Military and Aerospace Support to update its strategic plan to include information about military installations or missions located in other states that could be recruited to California.

**AB 2585** encourages the location of the Joint Strike Fighter at Lemoore Naval Air Station.

**SB 451** exempts private housing on military bases from property tax.

**SB 926** establishes the Office of Military and Aerospace Support within the Business, Transportation and Housing Agency, and allows Infrastructure Bank funds to be expended for military base enhancement and retention purposes.

**SB 1462** establishes a process for local governments, developers and military bases to identify and resolve land use issues near military bases, special use airspace and low-level flight paths.★

“I am determined... to protect vital services not only for this generation of Californians but for the next generation as well.”

Governor Arnold Schwarzenegger  
5/13/04

## HEALTH & WELL-BEING

### Lending a Hand in Sickness and in Crisis

- ★ **Federal Funds**
- ★ **In-Home Services**
- ★ **Disaster Relief**

Governor Arnold Schwarzenegger committed himself to protecting the health and well-being of all Californians, and he has been a forceful advocate for providing essential services to the most vulnerable and at-risk residents of our state.

The Governor fought hard to secure California's fair share of federal funds and to gain relief from pre-existing federal penalties. In fact, with the Health and Human Services Agency alone, the 2004-05 budget includes nearly \$800 million in new funding.

The Governor has worked tirelessly to support the ability of people to live in their homes and communities rather than in institutions; ensure access to essential health care services for those most in need; address critical public health issues; and improve program performance and accountability.

The Governor endorsed Proposition 71, which supports stem cell research in California to find cures and improve treatment options for everyone.

The well-being of Californians includes their safety in times of disasters. In the past year, Californians have endured floods, fires and earthquakes. The Governor has ensured that when an emergency occurs, relief is comprehensive and swift.

### Promise Made

“By the time I’m through with this whole thing, I will not be known as the Terminator; I will be known as the Collectinator!” 2003

#### Maintaining In-Home Supportive Services

In February, the Governor met with federal officials to secure financial assistance for in-home care services provided to aged, blind and disabled Californians by their family members and friends. The Independence Plus waiver that resulted from these efforts provides \$1.7 billion in new federal funding to the state over the next five years. This will enable 66,000 disabled and elderly Californians to continue receiving in-home care.

In addition, an administration-sponsored quality assurance program will insure these vulnerable Californians are protected from fraud and abuse.

#### Avoiding Food Stamp Penalties

The Governor improved oversight and administration of the food stamp program. The reduction in California's food stamp error rate allows the state to avoid previously assessed federal penalties totaling more than \$175 million.

#### Opening “One-Stop” Aging and Disability Information Centers

California was awarded an \$800,000 federal grant to develop and test the effectiveness of local “one-stop” centers for benefits counseling, health promotion activities and information on home and community support options for the elderly and persons with disabilities.



### Combating West Nile Virus

California has increased funding to combat the West Nile Virus by \$2.2 million, including \$1.7 million in general funds and \$450,000 in new federal funds. These state and federal funds support California's nationally acclaimed mosquito surveillance and control program.

### Expanding Respite Services to the Developmentally Disabled

California secured federal funding for respite services purchased through vouchers — an initiative that will bring in an additional \$11 million in federal funds each year. These services help developmentally disabled Californians live in the community and avoid institutionalization.

### Alzheimer's Disease Grant

California was awarded a three-year federal grant that could total more than \$900,000 to enhance assistance for elderly Asian and Pacific Islanders with Alzheimer's disease and their caregivers.

### Temporary Assistance for Needy Families — Federal Bonus Award

The Federal Government has awarded a \$7 million bonus grant to California to reward the state for providing affordable and accessible subsidized child care for families moving from welfare to work.

### Protecting Children from Lead Hazards

California received a \$3 million federal grant to remove potentially dangerous lead from the homes of low-income families.

### Mentoring Initiative for Youth with Disabilities

California was awarded a five-year, \$1.5 million federal grant as part of the California Mentoring Initiative for Youth with Disabilities, a comprehensive approach to establishing mentoring services for youth with disabilities as they transition from school to post-secondary education and employment. The grant will fund two pilot projects in San Jose and Orange counties.

### Federal Ecstasy Prevention Grant

California was awarded a \$1.4 million Ecstasy and Other Club Drugs federal grant to implement a program that will target at-risk middle and high school students in Kern County with prevention and intervention activities.

## Promise Made

"We have to make sure that every child in California is insured. If I become Governor, I would [get the word] out so everyone knows about [Healthy Families] and everyone signs up because we must insure our families, the low-income families, especially the children." 9/24/03

## Promise Kept

- ★ Healthy Families will insure approximately 60,000 additional children by July 2005.
- ★ Notwithstanding unprecedented fiscal challenges, the Governor has maintained eligibility for children and families earning up to 250 percent of the federal poverty level (FPL) and fully funded all enrollments in Healthy Families. Governor Schwarzenegger has preserved important program reforms to help facilitate the enrollment of children who are eligible but not yet enrolled in Healthy Families and Medi-Cal.
- ★ In June, California secured federal approval of an innovative plan that provides \$3.4 million annually in federal funding to expand health care coverage to nearly 3,100 low-income children in Alameda, San Mateo, San Francisco and Santa Clara counties. The plan allows the counties to use local funds to match federal dollars in the Healthy Families Program. As a result of this expansion, which extends coverage to children of families earning up to 300 percent of the FPL, the state hopes to enroll nearly 3,000 additional children in the health insurance programs administered by the four counties.

### Stem Cell Research

Stem cell research holds tremendous potential for healing. The Governor supported Proposition 71, which provides funds for this important research at California universities, research centers and medical schools. Voters approved it by nearly 60 percent. As a leader in the biotech field, California will once again be on the front line of finding ways to save lives.

Governor Schwarzenegger arrives at the scene of the Stockton Levee break in June.



## DEALING WITH DISASTER

### Fires

More than \$218 million was approved by state and federal officials to help residents, businesses, local governments and non-profit organizations recover from the fires in 2003 — the worst fire siege to ever hit California.

- ★ \$30 million has gone to help victims who lost their home and personal property.
- ★ An estimated \$14 million funded local hazard mitigation efforts to reduce future losses from wildfires.
- ★ \$156 million was approved for federal low-interest loans to homeowners and businesses.

### *Bark Beetle Tree Removal in the San Bernardino Mountains*

To protect emergency evacuation routes in the San Bernardino Mountains from being blocked during fires, Caltrans led a multi-agency effort to clear nearly one million dead trees. A total of \$70 million is expected to fund the tree removal.

### Earthquakes

In San Luis Obispo County, more than \$20 million has been spent by state and federal agencies to help victims of the December 2003 San Simeon Earthquake.

- ★ More than \$7 million has been approved to help victims with housing issues and home repairs
- ★ \$11.6 million was approved in low-interest loans for homeowners and businesses.

### Flood

Leadership by the Governor and fast action by state and local agencies averted a potentially greater disaster following the Jones Tract Levee Break on June 3.

- ★ The state moved quickly with contractors to fill the breach caused by the break and reinforce surrounding levees that had the potential to fail and shut down major roads and highways.
- ★ The California Office of Emergency Services and Federal Emergency Management Agency officials have helped reimburse San Joaquin County and state agencies for the estimated \$58 million in costs for responding to the emergency. ★



After an earthquake in December, Governor Schwarzenegger talks to emergency workers in Paso Robles.

PROMISE MADE.  
PROMISE KEPT.



# Progress

## on the Road to Recovery



Governor Arnold Schwarzenegger



PROMISE MADE.  
PROMISE KEPT.

# Progress

## on the Road to Recovery



Governor Arnold Schwarzenegger